

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

April 17, 2001

**IN RE:**

**BELLSOUTH TELECOMMUNICATIONS INC.'S  
TARIFF FOR CONTRACT SERVICE  
ARRANGEMENT (TN99-2193-00)**

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**DOCKET NO.  
00-00899**

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**ORDER GRANTING APPROVAL OF BELLSOUTH  
CONTRACT SERVICE ARRANGEMENT (TN99-2193-00)**

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This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on November 7, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN99-2193-00 ("CSA"). BellSouth filed Tariff No. 00-00899 on October 9, 2000, with a proposed effective date of November 8, 2000.

Based upon careful consideration of the tariff filing, the Authority makes the following findings and conclusions:

1. The purpose of this CSA is to provide a Volume and Term Discount to the customer identified in the filing. Through this arrangement, the customer agrees to meet an annual revenue commitment of \$2.62 million in exchange for a fifteen and six-tenths percent (15.6%) discount for Category A services and an eight and five-tenths percent (8.5%) discount for Category B services.

2. The term of this CSA is thirty-six (36) months with two one-year renewal options. BellSouth stated during the deliberations of Docket No. 00-00900 that, consistent with its agreements in previous CSA dockets, it would agree that any such renewal be subject to the Authority's approval.<sup>1</sup>

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<sup>1</sup> See *Transcript of Proceedings*, p. 25 (Authority Conference November 7, 2000).

3. This CSA contains two termination provisions. The first relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second applies to the termination of the Volume and Term agreement. Because the first termination provision is contained in the underlying, previously approved tariff, it is only the second termination provision that is before the Authority in this docket.

4. In its October 9, 2000 cover letter included with the CSA filing, BellSouth agreed to notify the customer<sup>2</sup> that upon early termination of the CSA without cause, the lesser of the following termination liability charges would apply to the termination of the Volume and Term Agreement:

a. The amounts specified in the CSA the customer signed;<sup>3</sup>

b. The total of the repayment of discounts received during the previous twelve (12) months of service, the repayment of the prorated amount of any waived or discounted non-recurring charges, and the repayment of the prorated amount of any documented contract preparation, implementation and tracking, or similar charges; or

c. Six percent (6%) of the total CSA amount.

5. BellSouth supplied cost data, which indicates that the price of services offered under the CSA exceed their long-run incremental costs. Based on this information, BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

6. No parties sought to intervene in this docket.

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<sup>2</sup> BellSouth agreed during the October 24, 2000 Authority Conference that it would send the notice to the customer upon approval of the CSA by the Authority. See *Transcript of Proceedings*, p. 15 (Authority Conference October 24, 2000).

<sup>3</sup> The termination provisions in the CSA provide: “[Customer] may terminate this Agreement by giving BellSouth at least ninety (90) days written notice before the effective termination date. [Customer] shall be required to compensate BellSouth for authorized service provided as of termination date.” Volume and Term Agreement, section X, paragraph A (filed October 9, 2000).

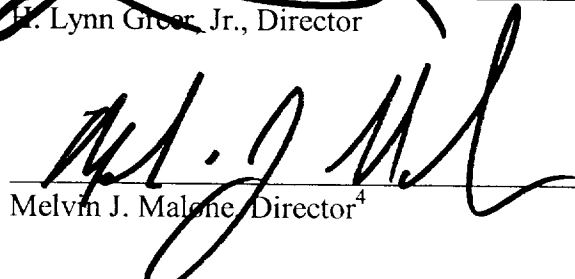
Based on the foregoing findings and conclusions, the Directors unanimously determined that the CSA in this docket should be granted.

**IT IS THEREFORE ORDERED THAT:**

BellSouth Telecommunications, Inc.'s Tariff No. 00-00899, which seeks approval of Contract Service Arrangement No. TN99-2193-00, is hereby granted. Any renewal of this Contract Service Arrangement shall be brought before the Authority for approval.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director<sup>4</sup>

ATTEST:

  
K. David Waddell, Executive Secretary

<sup>4</sup> Director Malone has noted that, generally, the underlying tariff termination provisions with respect to the specific services that may be used to meet the volume and term requirements of a Volume and Term CSA contain buyout clauses, sometimes amounting to a ninety percent (90%) or one-hundred percent (100%) buyout. Notwithstanding Director Malone's approval of this Volume and Term CSA, he remains of the opinion that tariff termination provisions, however triggered, containing such buyouts are so potentially anticompetitive as to warrant modification by the agency on a going-forward basis.